

# ANALYSIS OF ORIGINAL BILL

## Franchise Tax Board

Author: Vasconcellos Analyst: LuAnna Hass Bill Number: SB 527  
Related Bills: See Legislative History Telephone: 845-7478 Introduced Date: February 20, 2003  
Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Economic Development/Task Force

### SUMMARY

This bill would create the Economic Development Accountability Task Force (EDAT). The EDAT would be comprised of members from various private sector groups and government agencies, including the executive officer (EO) of the Franchise Tax Board (FTB) (or his designee).

### PURPOSE OF THE BILL

According to the author's staff, the purpose of this bill is to create a system to gather and evaluate data regarding economic development in California in order to create new economic standards.

### EFFECTIVE/OPERATIVE DATE

This bill would be effective and operative January 1, 2004.

### POSITION

Pending.

### ANALYSIS

#### STATE LAW

The Technology, Trade, and Commerce Agency is the principal state agency responsible for various programs regarding economic development in California.

#### THIS BILL

This bill would create the EDAT, which would be comprised of members from various private sector groups and government agencies and would include the EO of FTB (or his designee).

EDAT would be required to:

- Develop outcome indicators, using the statement of economic goals in the biennial economic development strategic plan, to use in the annual state budget process and the legislative process to evaluate policies, programs, and tax spending intended to stimulate the economy;
- Survey and evaluate efforts of other states to develop accountability measures for public investments in economic development;

Board Position:

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Department Director  
Gerald H. Goldberg

Date  
03/13/03

- Develop for state law purposes standard measurements of:
  - real per capita income,
  - job growth,
  - new business creation,
  - private sector investment,
  - minority entrepreneurship, and
  - income inequality.
- Develop a standard definition of economic development;
- Determine whether a return on investment calculation is feasible for public investments in economic development;
- Conduct a comparative study of various methodologies for preparing the economic development sections of a state budget, including unified functional budget, zero-based budget, and performance-based budget methodologies; and
- Study the feasibility of statutory disclosure requirements on specified publicly funded subsidies to private sector businesses.

The EDAT would submit a report of its findings and recommendations to the Legislature no later than one year after its first meeting.

#### **IMPLEMENTATION CONSIDERATIONS**

Since this bill only requires the EO or his designee to participate on a task force, implementing this bill would not significantly impact the department's programs and operations.

#### **TECHNICAL CONSIDERATIONS**

This bill would add Chapter 12 to Part 6.7 of Division 3 of Title 2 of the Government Code. However, Chapter 12 already exists. Amendments 1 and 2 are provided to renumber the chapter to 13.

The letter "s" should be added to the word "representative" in subdivision (b) of Section 15399.70. Amendment 3 is provided.

#### **OTHER STATES' INFORMATION**

Since this bill would create a task force specific to economic development within California, a review of other states' income tax laws is not relevant.

#### **FISCAL IMPACT**

It is anticipated that this bill would have a minor impact on the department. Costs would depend on the amount of time the EO or his designee is required to participate in this task force.

#### **ECONOMIC IMPACT**

This bill would not impact state income tax revenues.

#### **LEGISLATIVE STAFF CONTACT**

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FRANCHISE TAX BOARD'S  
PROPOSED AMENDMENTS TO SB 527  
As Introduced February 20, 2003

AMENDMENT 1

On page 2, line 1, strikeout "12" and insert:

13

AMENDMENT 2

On page 2, line 5, strikeout "12" and insert:

13

AMENDMENT 3

On page 2, line 28, strikeout "representative" and insert:

representatives